

Rep. Hahn seeks HMT equity for SoCal ports

AMERICAN SHIPPER MAGAZINE

Thursday, March 28, 2013

Government and maritime industry leaders in Southern California, in a meeting with U.S. Maritime Administrator David Matsuda, made the case Tuesday for expanding the use of a federal trust fund beyond its traditional purpose of funding maintenance dredging of navigation channels to include other types of projects that improve the efficiency of ports, Rep. Janice Hahn, who organized the roundtable discussion in Los Angeles, told *American Shipper*.

Matsuda, who was in town to attend the groundbreaking of an on-dock rail expansion project at the Port of Long Beach funded in part by the U.S. Department of Transportation, listened to officials from local port authorities, terminal operators, shippers, forwarders and law enforcement who want the federal government to continue to invest in ports and help address challenges such as improving land-side infrastructure, building shore power stations for vessels at berth, and achieving zero emissions.

Hahn, a former Los Angeles City councilwoman whose district includes the Port of Los Angeles, said several participants sought to loosen the rules governing the Harbor Maintenance Tax to allow money collected to be used for a range of needs.

The Harbor Maintenance Tax is an ad-valorem tax of 0.125 percent assessed on imports, domestic waterborne shipments and cruise passengers. The program brings in about \$1.5 billion for the Harbor Maintenance Trust Fund. Port authorities and port users are frustrated that Congress only appropriates just over half that amount, preventing the Army Corps of Engineers from properly maintaining many channels at their authorized depths and widths to the detriment of efficient vessel operations. The balance is used to offset other federal expenditures. On paper, the Harbor Maintenance Trust Fund has a surplus in excess of \$7 billion.

But ports with naturally deep harbors, or recent deepening projects under their belt, don't require maintenance dredging. They are seeking more equity from the HMT program because they don't receive much benefit from the taxes paid by their customers. Ports in this category include Los Angeles, Long Beach, Seattle and Tacoma.

The American Association of Port Authorities supports providing more equity for HMT donors by returning a portion of the money to ports where it is collected.

Hahn, the driving force behind the 18-month-old PORTS Caucus on Capitol Hill, said she floated the idea of giving ports 50 percent of the funds collected in their jurisdiction at last week's PORTS Caucus meeting in Washington.

Asked how legislators who represent ports that depend on dredging and can't get enough funding today would accept such a concept, Hahn said, "I think first you have to build some trust" and establish the first goal should be for reforms that guarantee full use of the HMT for dredging and jetty repairs.

Hahn said she supported a local set-aside for "any purpose that makes the port more livable and

secure. The shippers paying that tax want their ports to be safe, efficient, modern and secure. People don't object to taxes if used for their intended purpose. You really lose credibility the next time you go and ask for any more money" by diverting user fees.

Another potential reform discussed at the PORTS Caucus last week was changing the HMT formula from a tax on the value of goods to one based on tonnage because many ports handle heavy bulk products that have a lower value than consumer merchandise, the congresswoman said.

She suggested the possibility of different categories of taxes and even measures to increase the money collected.

"These types of things, frankly, haven't been explored. I certainly would want to hear from the industry about how they felt about it. But these are the types of conversations and dialogues we need to be having in Congress about how to keep our ports efficient and modern so we can compete globally," Hahn said.

"I think there's a real feeling of injustice from ports across the country and how it's collected, and that's just not right," she added. "But I think for the first time we're realizing that the investments in ports will bring about a huge return for jobs, small businesses and the economy."

Local control of funds makes sense, Hahn said, because "the port authorities are the ones that understand best what is needed to keep their ports modern, efficient and secure. And it goes way beyond dredging. That's first and foremost if we're going to be competitive, but there's more to that now. This is 2013 and there's a lot more that goes into harbor maintenance than just making sure your channels are deep and wide."

Several participants at the meeting with Matsuda, which was closed to the press, raised the issue of ports becoming self-sufficient for energy so that they can operate in the event of a disaster that disrupts the electric grid, Hahn said.

The discussion has prompted her to consider adding language regarding the energy dependence of ports to port security legislation she re-introduced last week. Hahn's Gauging American Port Security Act would direct the Department of Homeland Security to study and report to Congress on gaps in port security and how to address them.

Resiliency is a key component to security because it makes ports less attractive targets for terrorists, Hahn said. - [Eric Kulisch](#)